

MAY 27 1997

Decision 97-05-099 May 27, 1997

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
Southern California Gas Company)
(U 940-G) for Authority to Revise)
its Rates Effective January 1, 1997,)
in its Biennial Cost Allocation)
Proceeding.)

Application 96-03-031
(Filed March 15, 1996)

ORIGINAL

In the Matter of the Application of)
San Diego Gas & Electric Company)
(U 902-G) for Authority to Revise)
its Rates Effective January 1, 1997)
in its Biennial Cost Allocation)
Proceeding.)

Application 96-04-030
(Filed April 15, 1996)

INTERIM ORDER GRANTING PARTIAL STAY OF D.97-04-082

On May 9, 1997, Southern California Gas Company (SoCalGas) filed a "Motion for Partial Stay of Decision (D.) 97-04-002 Related to Rate Increases Adopted for Gas Engine and Gas Air Conditioning Customers." SoCalGas requests a partial stay of the Commission's decision on SoCalGas' and San Diego Gas & Electric Company's (SDG&E) Biennial Cost Allocation Proceeding (BCAP) applications, D.97-04-082, mailed May 5, 1997, because implementation of new BCAP rates on June 1, 1997 would otherwise result in unacceptably large rate increases for core agricultural gas engine and nonresidential gas air conditioning customers.

In its motion, SoCalGas states that it intends shortly to file a petition for modification of D.97-04-082 addressing the Commission's adoption for SoCalGas of the "new customer only" (NCO) method of allocating marginal customer costs between rate classes within the core market, which it asserts is the cause of an adopted Gas Engine rate increase of 44% for sales customers and 82% for transportation customers and an adopted Gas Air Conditioning rate increase of 16% for sales customers and 29% for transportation

a petition for modification that it treat its response as such pursuant to Rule 87 of the Commission's Rules of Practice and Procedure. Edison does not take a position on SoCalGas' motion for a partial stay as it states that if the revenue shortfall is booked to the Core Fixed Cost Account the partial stay would not affect noncore customers such as itself. Agricultural Energy Consumers Association urges the Commission to grant a partial stay and to act promptly to resolve this issue.

We have considered the potential harm to SoCalGas and its other customers if D.97-04-082 is partially stayed versus the harm to Gas Engine and Gas Air Conditioning customers if D.97-04-082 is not partially stayed. The Gas Engine and Gas Air Conditioning classes are small classes with total projected annual revenues contributing \$13 million to SoCalGas' total revenue requirement of \$2.5 billion. We find that the Gas Engine and Gas Air Conditioning customers may suffer serious financial harm if the partial stay is not granted, especially since SoCalGas has failed to file a petition for modification with its motion so that we can act expeditiously to address the merits of this issue, while SoCalGas and other customers should not experience significant financial harm if a partial stay is granted until we can consider the forthcoming petition for modification.

SoCalGas states in its motion that these significant rate increases are the result of an amendment to Commissioner Knight's alternate proposed decision related to the NCO method of allocating customer costs. We have decided to stay the rate increases related to the adoption of the NCO method to SoCalGas' Gas Engine and Gas Air Conditioning customers adopted in D.97-04-082 until we can act on a petition for modification. We do not grant a stay of rate increases to Gas Engine and Gas Air Conditioning customers decided in D.97-04-082 that are due to issues other than NCO. The rates to be in effect under this partial stay are shown in Attachment A.

CORRECTION !!

*THE PREVIOUS DOCUMENT(S) MAY HAVE
BEEN FILMED INCORRECTLY*

RESHOOT FOLLOWS

Mailed
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On May 9, 1997; Southern California Gas Company (SoCalGas) filed a "Motion for Partial Stay of Decision (D.) 97-04-002 Related to Rate Increases Adopted for Gas Engine and Gas Air Conditioning Customers." SoCalGas requests a partial stay of the Commission's decision on SoCalGas' and San Diego Gas & Electric Company's (SDG&E) Biennial Cost Allocation Proceeding (BCAP) applications, D.97-04-082, mailed May 5, 1997, because implementation of new BCAP rates on June 1, 1997 would otherwise result in unacceptably large rate increases for core agricultural gas engine and nonresidential gas air conditioning customers.

In its motion, SoCalGas states that it intends shortly to file a petition for modification of D.97-04-082 addressing the Commission's adoption for SoCalGas of the "new customer only" (NCO) method of allocating marginal customer costs between rate classes within the core market, which it asserts is the cause of an adopted Gas Engine rate increase of 44% for sales customers and 82% for transportation customers and an adopted Gas Air Conditioning rate increase of 16% for sales customers and 29% for transportation

customers. SoCalGas represents that the Gas Engine core customer class is comprised of agricultural gas engine customers and the Gas Air Conditioning core class is comprised of nonresidential gas air conditioning customers.

SoCalGas states that a partial stay is necessary as the Commission will not have the opportunity to act on a petition to modify before the new rates are scheduled to be implemented June 1, 1997. Further, SoCalGas asserts that if the adopted rate increases are implemented on June 1 it could cause significant financial harm to agricultural gas engine and nonresidential gas air conditioning customers as this is the height of the growing and air conditioning season. SoCalGas further proposes that the revenue shortfall resulting from the partial stay requested in its motion be recorded in the Core Fixed Cost Account.

At the May 21, 1997 Commission meeting, the Commissioners voted unanimously to consider SoCalGas' motion at a special meeting on May 27, 1997 and to provide that parties may respond to the motion no later than Friday, May 23, 1997. On May 21, an administrative law judge (ALJ) ruling was issued memorializing this decision and a copy of the ruling was faxed the same day to all active parties in SoCalGas' BCAP proceeding.

Comments were received on SoCalGas' motion from two parties, The Utility Reform Network (TURN) and Southern California Edison Company (Edison), and from the Agricultural Energy Consumers Association, an organization that spoke during the public session of the Commission's May 21, 1997 meeting. TURN's response asserts that there is an error in D.97-04-082's NCO calculation for Gas Engine and Air Conditioning core customers and that therefore, a partial stay of D.97-04-082 is justified in order that the Commission may consider modifying the decision's implementation of the allocation of customer costs using the NCO method. TURN's response includes a discussion of the merits of the issue and it requests that if the Commission believes this discussion belongs in

a petition for modification that it treat its response as such pursuant to Rule 87 of the Commission's Rules of Practice and Procedure. Edison does not take a position on SoCalGas' motion for a partial stay as it states that if the revenue shortfall is booked to the Core Fixed Cost Account the partial stay would not affect noncore customers such as itself. Agricultural Energy Consumers Association urges the Commission to grant a partial stay and to act promptly to resolve this issue.

We have considered the potential harm to SoCalGas and its other customers if D.97-04-082 is partially stayed versus the harm to Gas Engine and Gas Air Conditioning customers if D.97-04-082 is not partially stayed. The Gas Engine and Gas Air Conditioning classes are small classes with total projected annual revenues contributing \$13 million to SoCalGas' total revenue requirement of \$2.5 billion. We find that the Gas Engine and Gas Air Conditioning customers may suffer serious financial harm if the partial stay is not granted, especially since SoCalGas has failed to file a petition for modification with its motion so that we can act expeditiously to address the merits of this issue, while SoCalGas and other customers should not experience significant financial harm if a partial stay is granted until we can consider the forthcoming petition for modification.

SoCalGas states in its motion that these significant rate increases are the result of an amendment to Commissioner Knight's alternate proposed decision related to the NCO method of allocating customer costs. We have decided to stay the rate increases related to the adoption of the NCO method to SoCalGas' Gas Engine and Gas Air Conditioning customers adopted in D.97-04-082 until we can act on a petition for modification. We do not grant a stay of rate increases to Gas Engine and Gas Air Conditioning customers decided in D.97-04-082 that are due to issues other than NCO. The rates to be in effect under this partial stay are shown in Attachment A.

As interested parties may file petitions for modification with differing proposals on how to address the large rate increases to Gas Engine and Gas Air Conditioning customers, we find that SoCalGas should record the revenue shortfall resulting from this partial stay in a memorandum account, not the Core Fixed Cost Account.

SoCalGas and any interested parties should file petitions for modification addressing the large rate increases to Gas Engine and Gas Air Conditioning customers by June 5, 1997; responses should be filed by June 19, 1997. Petitions for modification on other BCAP issues may be separately filed at a later date. We will not extend this stay beyond the time that the Commission acts on the petitions for modification. We will decide the manner in which the memorandum account will be collected at the time we act on the petitions.

Findings of Fact

1. D.97-04-082 authorized rate increases for Gas Engine customers of 44% and 82% and for Gas Air Conditioning customers of 16% and 29%.

2. SoCalGas states in its motion that these significant rate increases are the result of an amendment to Commissioner Knight's alternate proposed decision related to the NCO method of allocating customer costs.

3. SoCalGas has moved for a partial stay of D.97-04-082 to allow the Commission to consider SoCalGas' petition to modify D.97-04-082.

Conclusions of Law

1. Gas Engine and Gas Air Conditioning customers may suffer serious financial harm if a partial stay of D.97-04-082 is not granted.

2. We should grant a partial stay of the rate increases to Gas Engine and Gas Air Conditioning customers that are due to our adoption of the NCO methodology in D.97-04-082.

3. SoCalGas should record the revenue shortfall resulting from the partial stay in a memorandum account.

4. SoCalGas' motion should be granted in part, subject to the conditions described in this order, and should remain in effect until we can act on petitions for modification.

5. TURN's May 23, 1997 response to SoCalGas' motion should be treated as a Petition for Modification of D.97-04-082 pursuant to Rule 87 of the Commission's Rules of Practice and Procedure.

Therefore, IT IS ORDERED that:

1. The rate increases that are due to our adoption of the "New Customer Only" method adopted in Decision (D.) 97-04-082 for Southern California Gas Company's (SoCalGas) Gas Engine and Gas Air Conditioning customers are stayed pending further order of the Commission. The rates to be in effect under this partial stay are shown in Attachment A.

2. SoCalGas shall record the revenue shortfall resulting from this stay in a memorandum account, not the Core Fixed Cost Account.

3. SoCalGas and any interested parties shall file any petitions for modification of D.97-04-082 addressing the large rate increases to Gas Engine and Gas Air Conditioning customers by June 5, 1997 by June 5, 1997. TURN's May 23, 1997 response shall be treated as a Petition for Modification of D.97-04-082. Any responses to the petitions shall be filed by June 19, 1997.

4. This interim order does not address the merits of
Petitions for Modification of D.97-04-082.

This order is effective today.

Dated May 27, 1997, at San Francisco, California.

JESSIE J. KNIGHT, JR.
HENRY M. DUQUE
JOSIAH L. NEEPER
RICHARD A. BILAS
Commissioners

I dissent.

/s/ P. GREGORY CONLON
President

**ATTACHMENT A
RATES IN EFFECT JUNE 1, 1997 FOR GAS ENGINE
AND AIR CONDITIONING CUSTOMERS**

| Customer class | Throughput | Present Rates | | Rates Effective June 1 | |
|-------------------------|---------------|----------------|------------------|------------------------|------------------|
| | | Rate (\$/h) | Revenue (\$M) | Rate (\$/h) | Revenue (\$M) |
| Sales | | | | | |
| Non-Res Gas A/C | | | | | |
| Customer Charge | | \$ 150.00 | 119 | \$ 150.00 | 121 |
| Volumetric | 3.9000 | 0.31668 | 1235 | 0.3554 | 1,386 |
| Subtotal | 3.9000 | <u>0.34707</u> | <u>1.354</u> | <u>0.38632</u> | <u>1.507</u> |
| Gas Engines | | | | | |
| Customer Charge | | \$ 50.00 | 457 | \$ 50.00 | 50 |
| Volumetric | 17,480 | 0.33461 | 5849 | 0.36653 | 456 |
| Subtotal | <u>17,480</u> | <u>0.36076</u> | <u>6306</u> | <u>0.39252</u> | <u>6.047</u> |
| Transportation | | | | | |
| Non-Res. Gas A/C | | | | | |
| Customer Charge | | 150 | 0 | 150 | 0 |
| Volumetric | | 0.14224 | 0 | 0.17883 | 0 |
| Subtotal | | <u>0.17263</u> | <u>0</u> | <u>0.20532</u> | <u>0</u> |
| Gas Engines | | | | | |
| Customer Charge | | \$ 50.00 | 184 | \$ 50.00 | 184 |
| Volumetric | 7.060 | 0.1607 | 1,131 | 0.18553 | 1,310 |
| Subtotal | <u>7.060</u> | <u>0.18631</u> | <u>1,315</u> | <u>0.21162</u> | <u>1,494</u> |

(END OF ATTACHMENT A)